

DIRECTCARE
MEDICAL PLAN

Pioneer Plaza ■ 900 Fort Street Mall, Suite 1280 ■ Honolulu, Hawaii 96813

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April 10, 2003

Mr. Mark Fukuhara
Chief Executive Officer
Hawaii Employer-Union Health Benefits Trust Fund
P.O. Box 150
Honolulu, Hawaii 96810

Dear Mark:

I'm writing to address the Hawaii Employer-Union Health Benefits Trust Fund created by the legislature in 2001 for all active and retired state employees as well as their families under a single health system. The premium will require a state/union/member payment of more than \$20 million a month to provider HMSA or Kaiser

A more cost-effective alternative is imperative for all concerned. Such an alternative is available through DirectCare Medical Plan, a new physician-supported discount program, and AdvancePCS, with whom Direct Care is associated.

AdvancePCS is the nation's largest independent provider of health improvement services, touching the lives of more than 75 million health plan members and managing more than \$28 billion in annual prescription drug spending. AdvancePCS offers DirectCare a wide range of health improvement products and services designed to improve the quality of care delivered to health plan members at lower costs than now available in Hawaii.

Direct Care Medical is a local medical health plan recently launched after three years of development in conjunction with Hawaii physicians and business leaders. DirectCare's goal, which could cover union workers, to provide relief to the disproportionately high number of uninsured in Hawaii, including independent contractors, part-time waiters, sole proprietors and retirees who do not have medical or drug insurance. DirectCare offers savings on premiums and doctor's office visits or at the pharmacy. The DirectCare website is www.directcarehawaii.com.

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DirectCare would provide medical, drug, dental, vision and legal coverage. In addition, we would offer major catastrophic hospital insurance that is individually based according to age, sex, and choice of co-payment. The premium for the hospital insurance and other services is lower than one-price-fits-all approach of the usual health insurance.

DirectCare can be combined with a reimbursement program through a Medical Savings Account or direct to the physician.

Anticipated monthly fees for DirectCare Medical coverage, including hospital insurance, would be \$140-200 a month for single coverage and comparable costs for families, dependents and retirees. The lower costs are based upon direct discounted cash payments by the patient to the physician, pharmacy and hospital, rather than ever-diminishing reimbursements and increases in premiums by insurance unacceptable to physicians, businesses and their patients. Predetermined reimbursements would be sent direct to the patients, not the provider. **The savings would be in the tens of millions of dollars** with freedom of choice by the Hawaii Employer-Union Health Benefits Trust Fund members as to how they wish to spend their available health dollar.

We would welcome the opportunity to discuss DirectCare with the trustees of the Hawaii Employer-Union Health Benefits Trust Fund.

I realize that the current contract is probably in place for the next two years. However, we will certainly prepare a bid for the reopening. In the meantime, I wonder if your trustees would consider adding affordable legal coverage for the union. This could be on a voluntary basis at \$14 a month, or as part of a pre-paid contract covering all members at \$7 a month. If so, we can quickly prepare a proposal for your consideration.

Aloha,



Donald R. Dawson
Administrator
DirectCare